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TENNESSEE REGULATORY AUTHORITY

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Deborah Taylor Tate, Chairman
Pat Miller, Director
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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 10, 2003

Mr. T. Arthur Scott, Jr., Attorney
Hunter, Smith & Davis
1212 North Eastman Road
Kingsport, Tennessee 37664

Re: Kingsport Power Company, Application for \$50,000,000 Financing Program Through
June 30, 2008.
Our Docket No. 03-00618

Dear Mr. Scott,

We are researching the Kingsport Power Company's (hereafter "KPC") application recently filed with the Tennessee Regulatory Authority (hereafter, "TRA"). We therefore request additional data in order to more fully examine this petition. Your responses to these questions will need to be received by December 18, 2003 in order to evaluate this petition as efficiently as possible. Your cooperation is greatly appreciated.

1. Please provide audited balance sheets for KPC for the years ending December 31, 2000, 2001, and 2002.
2. Also provide debt to equity ratios for the years ending December 31, 2000, 2001, 2002, and September 30, 2003 for KPC and American Electric Power (hereafter "AEP") and what the ratios will likely be after these funds have been placed and drawn.
3. Provide a schedule of estimated borrowing and provide a schedule showing how these long-term debt placements will affect the balance sheet of KPC alone and also how this will affect the balance sheet of AEP.
4. Provide an estimate of the interest saved for the retirement of any short or long term debt currently on the balance sheet of KPC that would be retired if the petition is approved and debt is retired.
5. Please explain why KPC elected financing using a third party. Could APC borrow money at a more favorable rate?
6. Provide an estimate of when the debt is going to be drawn and how it is going to be used in more details. For instance, is it going to be used for debt retirement, new construction, operating expense, or any other purpose?

7. Will any of KPC's assets be collateralized?
8. What responsibility will AEP bear in this transaction, both in securing the debt placement and in use of these funds?
9. Please explain in detail why the term of five years was chosen instead of the customary two year term.

If you have any questions, please call David McClanahan at 615-741-2904 ext 177.

Sincerely,

A handwritten signature in cursive script that reads "Aster Adams".

Aster Adams, Chief
Economic Analysis & Market Monitoring Division

DMcC03-00618